

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
WINSTON-SALEM DIVISION**

In re:	)	Case No. 18-50946
	)	
Product Quest Manufacturing, LLC, et al.,	)	Chapter 7
	)	
Debtors.	)	
	)	

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**NOTICE OF INTENT TO EXTEND ENHANCED BID**

NOW COMES Pure Source LLC, by and through undersigned counsel, and provides notice of intent to extend an enhanced bid in relation to Trustee's Motion for Order Authorizing and Approving the Private Sale of Minoxidil Assets Free and Clear of Liens, Claims and Encumbrances; Approving the Asset Purchase Agreement; and Granting Related Relief ("Trustee's Motion") [Docket No. 354]. Pursuant to Paragraph 11 of Trustee's Motion, Pure Source LLC submits an enhanced bid reflected in the Term Sheet attached hereto as Exhibit A and incorporated herein as if fully set forth.

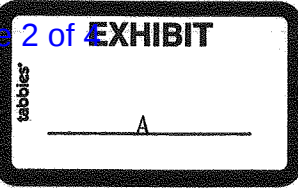
This the 17<sup>th</sup> day of January, 2019.

/s/ James E. Vaughan

James E. Vaughan, NCSB #12669

*Attorney for Pure Source LLC*

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### TERM SHEET

This binding term sheet describes the terms of a proposed transaction (the "**Transaction**") between Pure Source, LLC or its assignee (the "**Purchaser**") and E. Edwin Allman as Chapter 7 Trustee of Ei LLC, Debtor and Product Quest Manufacturing, LLC, Debtor (others) (the "**Sellers**"). The goal of the Transaction is to effect Sellers' sale of all of its assets relating to the ANDAs for Minoxidil 2% and Minoxidil 5% and certain other Minoxidil assets to the Purchaser (collectively, the "**Purchased Assets**"), subject to higher or better bids to be obtained at a Bankruptcy Court approved auction and sale process.

This document sets forth that the Purchaser is ready willing and able to step in and modify the price and execute the form of asset purchase agreement (the "**Purchase Agreement**") that was annexed to the Sellers Motion

I. **The Transaction.** The Transaction will include the following:

A. **Sale of the Purchased Assets.**

(i) **Parties:** Sellers and Purchaser

(ii) **Purchase Price:** \$1,400,000.00

(iii) **Assets Sold:** The Purchased Assets shall include :

- (a) ANDA (Abbreviated New Drug Application) of Sellers relating to Minoxidil/Theroxidil 2% (A078176) and 5% (A076239) and USP raw materials;
- (b) Packaging Dropper P799811 (34,000 units and Packaging Insets PQM-WMIN2-10 (33,826 units) and Finished Goods PQM0WMXD2-BK 33,264 units)
- (c) all technology, transfer data, packaging components, and finished good relating to Minoxidil;
- (d) Intellectual Property rights relating to Minoxidil and Theroxidil;
- (e) Documents that are used in, held for use in or intended to be used in, or that arise primarily out of, the Minoxidil business, including documents relating to products, services, marketing, advertising, promotional materials, Intellectual Property, supplier lists, records, literature and correspondence;
- (f) all Permits and FDA approvals used by Sellers in the business to the extent assignable; and

- (g) Assumption of the current and past due fees due from Seller to the FDA with regard to the Minoxidil Assets, together with any transfer fees resulting therefrom; and
- (h) all goodwill and other intangible assets associated with ANDA for Minoxidil, including customer and supplier lists and the goodwill associated with the purchased Intellectual Property.
- (iv) **Contracts:** The proposed Asset Purchase Agreement that was filed is in a form satisfactory to the Buyer. The parties may enter into discussions concerning which, if any, other Executory Contracts and Supply Agreements can be assumed by Purchaser at or subsequent to closing
- (v) **Bankruptcy Provisions:** The Transaction will be subject to the following bankruptcy provisions which shall be pre-approved under a sale procedure order on January 23, 2019:
- (vi) **Sale Process:** Court approval of a sale procedure and sale approval process on terms acceptable to Purchaser, including without limitation, submission of qualifying bids, completion of a bidding process, entry of a sale order ("Sale Order"), and consummation of the Transaction or the sale of the Purchased Assets to the party making the highest or best bid (an "Alternate Transaction") will be completed as promptly as possible, so as to permit a closing of the sale by no later than January 28, 2019.
- (vii) **Bidding:** Further Bidding may take place no later than January 24, 2019.
- (viii) **Sale Order:** The Sale Order, which shall be entered no later than January 24, 2019 and shall provide, without limitation, that (i) the Transaction is a legal, valid, enforceable and effective transfer of the Purchased Assets to Purchaser and vests Purchaser with good title to the Purchased Assets, free and clear of all liens, claims, encumbrances or other interests; (ii) the Purchase Price constitutes reasonably equivalent value and fair consideration for the Purchased Assets; (iii) the Transaction does not and will not subject Purchaser to any liability on any theory, including, without limitation, any theory of successor or transferee liability; (iv) the executory contracts included in the Purchased Assets, if any, shall be assumed by Purchaser as of the closing date; and (v) Purchaser shall be found by the bankruptcy court to be a good faith purchaser of the Purchased Assets, as that term is used in Section 363(m) of the bankruptcy code.
- (ix) **Stalking Horse Provisions:** None required.
- (x) **Closing:** Closing shall occur no later than 3 days after the Sale Order becomes Final and Order unless otherwise agreed to in writing between the parties.
- (xi) **Transfer Taxes.** Seller shall be solely responsible for the payment of any transfer taxes incurred in connection with the Transaction.

B. Expenses. Each of Seller shall bear their own expenses in connection with the Transaction, regardless of whether or not a closing occurs.

C. Financing Contingency. None.

ACCEPTED AND AGREED TO THIS 17th DAY OF January, 2019

PURCHASER

PURE SOURCE, LLC

By: \_\_\_\_\_  
Name: J. Re. Meyerson  
Its: Pres

SELLERS

EI LLC (CASE NO. 18-50945)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_